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June 10, 2005

BY OVERNIGHT DELIVERY AND E-FILE

Mary L. Cottrell, Secretary
Department of Telecommunications and Energy
One South Station
Boston, MA 02110

Re: Bay State Gas Company, D.T.E. 05-27

Dear Ms. Cottrell:

Enclosed for filing, on behalf of Bay State Gas Company ("Bay State"), please find Bay State's responses to the following information requests of the Department:

DTE-3-27 (BULK) DTE-8-02

Please do not hesitate to telephone me with any questions whatsoever.

Very truly yours,

Patricia M. French

cc: Caroline O'Brien Bulger, Esq., Hearing Officer (1 copy)
A. John Sullivan, DTE (7 copies)
Andreas Thanos, Ass't Director, Gas Division
Alexander Cochis, Assistant Attorney General (4 copies)

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
THIRD SET OF INFORMATION REQUESTS FROM THE D.T.E.
D. T. E. 05-27

Date: June 10, 2005

Responsible: Danny G. Cote, General Manager

DTE-3-27 Please provide capital authorization and closing reports for all revenue producing projects begun or completed for years 1992 through 2004, costing \$50,000 or more but less than or equal to \$100,000. Provide a summary similar to Exhibit BSG/DGC-9. Provide a breakdown of those projects for the Brockton, Lawrence, and Springfield service areas with corresponding summary pages.

Response: Please see Attachment DTE-3-27, which includes the capital authorizations and closing reports associated with all revenue producing projects begun or completed for years 1992 through 2004, costing \$50,000 or more but less than or equal to \$100,000 (a summary similar to Exhibit BSG/DGC-9).

Attachment DTE-3-27 consists of (1) a summary schedule (first 3 pages), (2) a summary of projects by service area (1 page), and (3) a series of cover sheets, capital authorizations, closing reports (including when necessary a project cost variance summary) for each of the listed projects.

For easy identification, each cover sheet is marked with the exhibit title and the list number assigned to each project in Column 1 (List No.) of the response.

For example, the first page in the attachment is the cover sheet for project with the assigned list number 1 – Lawrence / Clifton Street (a 2000 year project). As such, the cover sheet has been labeled:

**Third Set of Information Requests From D.T.E.
DTE-3-27**

Revenue Producing Plant Additions
Account 367 (Mains) > \$50K and < \$100K
For Years 1992 through 2004
List No. 1

BULK ATTACHMENT

COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

RESPONSE OF BAY STATE GAS COMPANY TO THE
EIGHTH SET OF INFORMATION REQUESTS FROM THE D.T.E.
D. T. E. 05-27

Date: June 10, 2005

Responsible: John E. Skirtich, Consultant (Revenue Requirements)

DTE-8-2 Refer to Exh. BSG/JES-1, at 28. Please provide a hypothetical example which illustrates the journal entries recorded on the books of both Bay State Gas and NiSource Corporate Services Company to account for the billing of services rendered by the service company.

Response: Please see the Company's response to DTE-5-35, which has been provided below for your convenience. Also, please refer to Attachment DTE-5-35 for the additional information.

The following and Attachment DTE-5-35 provides a hypothetical example which illustrates the billing and recording of costs in providing services to Bay State from NCSC.

Assumptions:

Cost: NCSC incurs \$100,000 of cost for the month in providing contract services.

Selected
Service: Corporate Insurance

Activities: 1. Negotiating new insurance coverage for NiSource
2. Responding to data requests for DTE 05-27

NCSC Journal Entries:

\$

Debit: Labor	
Benefits	
Employee Expense	
Outside Services	
Interest	
Rent	
Etc.	100,000
Credit: Cash	(100,000)

This entry summarizes the incurrence of costs by NCSC for providing contract services to all the NiSource companies. Please note no profit.

Debit: Acct. 146 Receivable from Associated Cos. – BSG	3,741
Debit: Acct. 146 Receivable from Associated Cos. – Others	96,259
Credit: Revenue	(100,000)

This entry records the billing of contract services provided to all subsidiaries including the corporate insurance service provided Bay State. Please see Attachment DTE-5-35.

Bay State Gas Company Entries:

Debit: Acct.923 Outside Services (A&G)	3,741
Credit: Cash	(3,741)

To record the payment for contract insurance services provided by NCSC. See Attachment DTE-5-35.

In addition to providing contract services, NCSC manages and/or oversees certain activities such as corporate insurance, benefits, lease payments, etc. which are billed at cost via convenience billing. The actual cost is billed directly to the subsidiaries such as insurance premiums. Below is an example illustrating convenience billing for corporate insurance premiums.

NCSC Journal Entries:

\$

Debit: Inter-company Accounts Receivables – BSG	760,000
Debit: Inter-company Accounts Receivables – Others	9,240,000
Credit: Cash	(10,000,000)

This entry records the annual premium payment by NCSC for excess insurance for all the NiSource companies and the convenience billing to them.

Bay State Gas Company Entries:

To record the payment for contract insurance services

provided by NCSC. See Attachment DTE-5-35.

Debit: Prepaid Insurance	760,000
Credit: Cash	(760,000)

To pay the annual insurance premium for excess insurance convenience bill from NCSC. See Attachment DTE-5-35.